

AMENDED IN ASSEMBLY MAY 28, 1997

AMENDED IN ASSEMBLY MAY 13, 1997

CALIFORNIA LEGISLATURE—1997–98 REGULAR SESSION

ASSEMBLY BILL

No. 551

**Introduced by Assembly Members Morrissey and House
(Coauthors: Assembly Members Bowler, Campbell,
Cunneen, Granlund, Margett, and Woods)
(Coauthor: Senator McPherson)**

February 25, 1997

An act to add Section 29100.9 to, and to add Chapter 2.3 (commencing with Section 16125) to Part 1 of Division 4 of Title 2 of, the Government Code, and to amend Sections 218.5, 252, 255.2, 255.6, 273, and 273.5 of, to repeal Article 3 (commencing with Section 280) of Chapter 1 of Part 2 of Division 1 of, and to repeal and add Section 205.1 of, the Revenue and Taxation Code, relating to taxation, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 551, as amended, Morrissey. Property taxation: veterans' exemption.

The California Constitution provides for a \$1,000 exemption from property taxation for property of veterans, unmarried spouses of deceased veterans, or parents of deceased veterans, as specified. Existing statutory law implementing this exemption requires a claimant to file an annual affidavit, and

requires that the \$1,000 exemption from property taxation for veterans, unmarried spouses of deceased veterans, or parents of deceased veterans be increased to \$4,000 if the assessment ratio is increased from 25% to 100%, in order to maintain the same proportionate value of the exemption. The California Constitution currently limits this exemption to taxpayers who own property valued below specified amounts, and also provides for a homeowners' property tax exemption in the amount of \$7,000.

This bill would delete the statutory provision implementing the veterans' exemption and would add a new implementing provision that increases the amount of that exemption to \$7,700 in the case in which the exemption is claimed exclusively with respect to real property. This bill would, in the case in which the veterans' exemption is so claimed, also prohibit any denial or reduction of the exemption on the basis of the value of property owned by a taxpayer. This bill would also eliminate the requirement for the annual filing of an affidavit claiming the veterans' exemption, and would make related conforming changes. This bill would also provide that if the homeowners' property tax exemption is increased above the amount of \$7,000, then the amount of the veterans' exemption, in the case in which the exemption is claimed exclusively with respect to real property, shall be increased to 110% of the homeowners' exemption. The bill would not allow this veterans' exemption to be claimed if the homeowners' exemption is claimed.

Existing law continuously appropriates funds to the Controller from the General Fund to reimburse local agencies for the property tax revenue loss attributable to the homeowners' property tax exemption.

This bill would make an appropriation by making similar provision for the veterans' exemption, and for this purpose would require each county auditor to annually file a specified statement with the Controller. By imposing these filing duties, this bill would impose a state-mandated local program.

Existing law requires county assessors to supply to the State Board of Equalization data relating to the homeowners' property tax exemption. Existing law also requires county assessors to verify the eligibility of each claimant who is



receiving a homeowners' exemption to continue to receive that exemption in accordance with rules issued by the State Board of Equalization to provide for a periodic audit and for the establishment of a control system for the homeowners' exemption claims.

This bill would include the veterans' property tax exemption within those requirements.

Existing law requires the county auditor, upon approval by a county board of supervisors, to conduct audits of the veterans' exemptions granted by the above provisions.

This bill would eliminate the provisions relating to the audit of veterans' exemptions *by a county auditor*.

This bill would provide that it would become operative only if ACA 9 of the 1997–98 Regular Session of the Legislature is adopted and approved by the people of the State of California.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement, including the creation of a State Mandates Claims Fund to pay the costs of mandates that do not exceed \$1,000,000 statewide and other procedures for claims whose statewide costs exceed \$1,000,000.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

This bill would take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: yes. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. Chapter 2.3 (commencing with Section
- 2 16125) is added to Part 1 of Division 4 of Title 2 of the
- 3 Government Code, to read:
- 4



CHAPTER 2.3. VETERANS' PROPERTY TAX EXEMPTION

16125. (a) On or before November 30, 1998, and on or before the last day of November of each year thereafter, the Controller shall pay from the amount appropriated from the General Fund by Section 16100 to each county auditor 15 percent of the amounts claimed on the preceding October 31 pursuant to Section 29100.9 to reimburse local governmental agencies for the tax loss attributable to the veterans' property tax exemption.

(b) On or before December 31, 1998, and on or before the last day of December of each year thereafter, the Controller shall pay from the amount appropriated from the General Fund by Section 16100 to each county auditor 35 percent of the amounts claimed on the preceding October 31 pursuant to Section 29100.9 to reimburse local governmental agencies for the tax loss attributable to the veterans' property tax exemption.

(c) On or before April 30, 1999, and on or before the last day of April of each calendar year thereafter, the Controller shall pay 35 percent of the amounts claimed on the preceding October 31 pursuant to Section 29100.9 to reimburse local governmental agencies for the tax loss attributable to the veterans' property tax exemption.

(d) On or before May 31, 1999, and on or before the last day of May of each calendar year thereafter, the Controller shall pay the remaining 15 percent of the amounts claimed on the preceding October 31 pursuant to Section 29100.9 to reimburse local governmental agencies for the tax loss attributable to the veterans' property tax exemption.

(e) Upon receipt of a payment pursuant to this section, each county auditor shall apportion the reimbursement proceeds to the county, the cities, and districts within the county in accordance with the claims previously made.

16126. Revenues paid pursuant to this chapter may be used for county, city, district or other municipal purposes and may, but need not necessarily, be used for purposes of general interest and benefit to the state. It is the purpose of this section to carry out the mandate of

1 subdivisions (o), (p), and (q) of Section 3 and Section 25
2 of Article XIII of the Constitution and permit recipients
3 of revenues paid pursuant to this chapter to use those
4 revenues for any purpose for which the recipient could
5 use its property tax revenues.

6 16127. For the purpose of fixing rates for ad valorem
7 taxes, every taxing agency and revenue district shall
8 compute the rates by including in the base the exempt
9 values for which the veterans' property tax exemption is
10 granted under subdivisions (o), (p), and (q) of Section 3
11 of Article XIII of the Constitution, together with the
12 values of taxable property against which the taxes are
13 levied.

14 SEC. 2. Section 29100.9 is added to the Government
15 Code, to read:

16 29100.9. On or before November 1 of each year, each
17 county auditor shall file with the Controller, in that form
18 as the Controller directs, a statement of the amount of
19 exempt values granted for the veterans' property tax
20 exemption under subdivisions (o), (p), and (q) of Section
21 3 and Section 25 of Article XIII of the Constitution for the
22 county, each city, each school district or portion thereof
23 within the county, and each special district or subdivision
24 or zone thereof or portion thereof within the county, for
25 which a tax levy is carried on the county assessment roll.
26 The auditor shall therein compute and show the total
27 amount of ad valorem tax loss to the county and the cities
28 and districts resulting from the exemption, and the
29 statement shall claim that amount against the state for
30 payment of reimbursement.

31 The board may, by resolution, extend on a permanent
32 basis or for a limited period the date specified by this
33 section from November 1 to December 1.

34 SEC. 3. Section 205.1 of the Revenue and Taxation
35 Code is repealed.

36 SEC. 4. Section 205.1 is added to the Revenue and
37 Taxation Code, to read:

38 205.1. (a) For the purposes of the veterans'
39 exemption specified in subdivisions (o), (p), and (q) of
40 Section 3 of Article XIII of the Constitution, the amount

1 of the exemption shall be four thousand dollars (\$4,000),
2 except that the amount of the exemption shall be seven
3 thousand seven hundred dollars (\$7,700) if the exemption
4 is claimed exclusively with respect to real property. If the
5 homeowners' property tax exemption provided for in
6 subdivision (k) of Section 3 of Article XIII of the
7 Constitution is increased above the amount of seven
8 thousand dollars (\$7,000), then the amount of the
9 exemption provided for in this section shall, in the case in
10 which the exemption is ~~taken~~ *claimed* exclusively with
11 respect to real property, be increased to 110 percent of
12 the homeowners' exemption. In the case in which the
13 exemption provided for in this section is claimed
14 exclusively with respect to real property, the exemption
15 shall not be denied or reduced on the basis of the value
16 of property owned by the taxpayer or taxpayers.

17 (b) If the homeowners' property tax exemption
18 provided for in subdivision (k) of Section 3 of Article XIII
19 of the Constitution is claimed, then no exemption may be
20 claimed pursuant to this section.

21 SEC. 5. *Section 218.5 of the Revenue and Taxation*
22 *Code is amended to read:*

23 218.5. In order to ~~assure~~ *ensure* the accuracy of the
24 state's ~~reimbursements~~ *reimbursement* for the
25 homeowners' *and veterans'* property tax ~~exemption~~
26 *exemptions* and to prevent ~~duplications~~ *duplication* of
27 the exemptions within the state and improper
28 overlapping with other benefits provided by law, county
29 assessors shall supply information from homeowners' *and*
30 *veterans'* property tax exemption claims and county
31 records as is specified by written request of the board, and
32 with the concurrence of the Controller, necessary to fully
33 identify all homeowners' *and veterans'* property tax
34 exemption claims allowed by the assessors. The board
35 may specify that the information include all or a part of
36 the names and social security numbers of claimants and
37 spouses and the identity and location of the dwelling *or*
38 *other property* to which the exemption applies. The
39 information may be required in the form of data
40 processing media or other media and in such format as is

1 compatible with the recordkeeping processes of the
2 counties and the auditing procedures of the state.

3 *SEC. 6.* Section 252 of the Revenue and Taxation
4 Code is amended to read:

5 252. (a) (1) Any person claiming the veterans'
6 exemption, or the spouse, legal guardian, or conservator
7 of that person, or one who has been granted a power of
8 attorney by that person, shall appear before the assessor,
9 give all information required and answer all questions in
10 an affidavit prescribed by the State Board of
11 Equalization, and subscribe and swear to the affidavit
12 before the assessor. The assessor may require other proof
13 of the facts stated before allowing the exemption.

14 (2) Where a claim is filed by a legal guardian or
15 conservator of a person claiming the veterans'
16 exemption, or one who has been granted a power of
17 attorney by that claimant, the person filing the affidavit
18 shall declare that he or she has sufficient knowledge of the
19 claimant to give all information required and answer all
20 questions in the affidavit under penalty of perjury.

21 (b) (1) Commencing with the 1998–99 fiscal year, a
22 claim for the veterans' exemption that is granted or has
23 been granted in a previous fiscal year shall remain
24 effective until title to the subject property changes or the
25 taxpayer is otherwise not eligible to receive the
26 exemption.

27 (2) A taxpayer who has been granted a veterans'
28 exemption is responsible for notifying the assessor when
29 the property is no longer eligible for the exemption. Upon
30 any indication that a veterans' exemption has been
31 incorrectly allowed, the assessor shall redetermine
32 eligibility for the exemption with respect to the relevant
33 taxpayer. If the assessor determines that the taxpayer is
34 no longer eligible for the exemption, he or she shall
35 immediately cancel that exemption. If a veterans'
36 exemption has been incorrectly allowed, the assessor shall
37 levy an escape assessment as provided in Section 279.5.

38 (3) For the 1998–99 fiscal year and each fiscal year
39 thereafter, the county assessor shall mail a notice to each
40 person who received the veterans' exemption in the

1 immediately preceding fiscal year, except where that
2 person has transferred title to the subject property since
3 the immediately preceding lien date. The notice shall
4 inform the taxpayer of the requirements for the
5 exemption, those penalties as may be assessed if the
6 taxpayer allows the exemption to continue when he or
7 she is not eligible for the exemption, and of his or her duty
8 to inform the assessor when he or she is no longer eligible
9 for the exemption.

10 ~~SEC. 6.~~

11 *SEC. 7.* Section 255.2 of the Revenue and Taxation
12 Code is amended to read:

13 255.2. Notwithstanding Section 255 of the Revenue
14 and Taxation Code, any veteran who is filing for the
15 veteran's exemption on his or her principal place of
16 residence or who was found eligible for that exemption
17 on his or her principal place of residence in the
18 immediately preceding year, and with respect to whom
19 the veterans' exemption is disallowed for the current year
20 may, if otherwise qualified for the homeowner's
21 exemption, file for the homeowner's exemption as
22 provided herein.

23 The assessor shall notify those applicants he or she finds
24 ineligible for the veteran's exemption of his or her finding
25 and shall inform them that they have 15 days from the
26 date of the notice to file for the homeowner's exemption.
27 The failure of the assessor to provide the notice required
28 by this section shall extend the filing period for those not
29 notified to the next lien date.

30 ~~SEC. 7.~~

31 *SEC. 8.* Section 255.6 of the Revenue and Taxation
32 Code is amended to read:

33 255.6. The assessor shall verify the eligibility of each
34 claimant who is receiving a homeowners' or veterans'
35 exemption to continue to receive ~~such an~~ that exemption
36 in accordance with rules issued by the board to provide
37 for a periodic audit and for the establishment of a control
38 system for the homeowners' and veterans' exemption
39 claims.

SEC. 9. Section 273 of the Revenue and Taxation Code is amended to read:

273. If a claimant for the veterans' exemption fails to file the required affidavit pursuant to Section 255 because he or she was in the military service of the United States and serving outside of the continental limits of the United States between the lien date and 5 o'clock p.m. on April 15, the veterans' exemption may be claimed pursuant to Section 252 or 253, without regard to the time limit specified in Section 255, and any tax or penalty or interest thereon for any fiscal year commencing during that calendar year on property, that is owned by that person as to which the veterans' exemption was available for that fiscal year, shall be canceled or refunded in accordance with the following:

(a) In the case in which the exemption is claimed exclusively with respect to real property, the tax or penalty or interest thereon on property to the amount of seven thousand seven hundred dollars (\$7,700) shall be canceled or refunded.

(b) In any case not described in subdivision (a), the tax or penalty or interest thereon on property to the amount of four thousand dollars (\$4,000) shall be canceled or refunded.

~~SEC. 8.~~

SEC. 10. Section 273.5 of the Revenue and Taxation Code is amended to read:

273.5. (a) If a claimant for the veterans' exemption in the 1976-77 fiscal year or any year thereafter fails to file the required affidavit with the assessor by 5 p.m. on April 15 of the calendar year in which the fiscal year begins, but files that claim on or before the following December 10, an exemption of the lesser of the alternate exemption amount or 80 percent of the full value of the property shall be granted by the assessor. For purposes of this subdivision, "alternate exemption amount" means six thousand one hundred sixty dollars (\$6,160) in the case in which the exemption is claimed exclusively with respect to real property, and three thousand two hundred dollars (\$3,200) in all other cases.

(b) On those claims filed pursuant to subdivision (a) after November 15, this exemption may be applied to the second installment, and if applied to the second installment, the first installment will still become delinquent on December 10, and the delinquent penalty provided for in this division will attach if the tax amount due is not paid.

If this exemption is applied to the second installment and if both installments are paid on or before December 10, or if the reduction in taxes from this exemption exceeds the amount of taxes due on the second installment, a refund shall be made to the taxpayer upon a claim submitted by the taxpayer to the auditor.

~~SEC. 9.~~

SEC. 11. Article 3 (commencing with Section 280) of Chapter 1 of Part 2 of Division 1 of the Revenue and Taxation Code is repealed.

~~SEC. 10.~~

SEC. 12. This act shall become operative only if Assembly Constitutional Amendment 9 of the 1997-98 Regular Session of the Legislature is adopted and approved by the people of the State of California.

~~SEC. 11.~~

SEC. 13. Notwithstanding Section 17610 of the Government Code, if the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code. If the statewide cost of the claim for reimbursement does not exceed one million dollars (\$1,000,000), reimbursement shall be made from the State Mandates Claims Fund.

Notwithstanding Section 17580 of the Government Code, unless otherwise specified, the provisions of this act shall become operative on the same date that the act takes effect pursuant to the California Constitution.

~~SEC. 12.~~

SEC. 14. This act is an urgency statute necessary for the immediate preservation of the public peace, health,

1 or safety within the meaning of Article IV of the
2 Constitution and shall go into immediate effect. The facts
3 constituting the necessity are:

4 In order for the provisions of this act to apply to the
5 1997–98 fiscal year, it is necessary that this act take effect
6 immediately.

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